

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Study Session

January 20, 2009  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

PRESENT: Deputy Mayor Balducci and Councilmembers Bonincontri, Chelminiak, Davidson, Lee and Noble

ABSENT: Mayor Degginger

1. Executive Session

The meeting was called to order at 6:02 p.m., with Deputy Mayor Balducci presiding. There was no Executive Session.

2. Study Session

(a) Bel-Red Planning

- (1) Continued discussion of Subarea Plan and related Comprehensive Plan, zoning, and Land Use Code amendments

City Manager Steve Sarkozy recalled ongoing discussions regarding planning for the redevelopment of the Bel-Red corridor. He commented on the interrelationship of this planning effort and Sound Transit's East Link light rail planning.

Planning and Community Development Director Matt Terry opened staff's presentation regarding Comprehensive Plan Amendments (CPAs), zoning designations, and Land Use Code Amendments (LUCAs) associated with the Bel-Red Subarea Plan.

Paul Inghram, Comprehensive Planning Manager, reviewed specific sites for which property owners have submitted individual requests regarding zoning and/or land use map designations. Three properties are proposed to be designated BR-R (residential). The BR-CR designation (commercial-residential mixed use) is proposed for two sites, which are the subject of requests for specific FAR (floor-area ratio) and building height regulations. One property is designated as BR-ORT (transition between commercial and residential uses), and staff recommends changing this site to BR-CR.

Mr. Inghram briefly reviewed the steering committee's vision for redevelopment of the Bel-Red area, as well as a preferred land use plan.

Mr. Inghram reviewed the BR-R designation, which is intended to create new residential neighborhoods on the edge of the transit node area, with direct access to parks and amenities. He noted Council's concerns regarding a potential hardship for buildings in existence before redevelopment, and the appropriateness of single-family residential uses along Northup Way.

Mr. Inghram reviewed staff's recommended modification for the R (residential) district to provide increased flexibility. This includes expanding retail and commercial uses allowed in the R district to provide neighborhood services, increasing the allowed size for retail and commercial uses, removing the limit on the aggregate amount of commercial or retail space provided on the first floor of a mixed use project, and removing the limit on the aggregate amount of allowed commercial or retail uses for existing buildings.

Mr. Inghram reviewed the request from Legacy Commercial to change the zoning designation on its property from BR-R to BR-CR to allow greater flexibility of uses and to encourage retail development. The FAR maximum is the same for the two designations (2.0). However, building heights are limited to 45 feet for the R designation and 70 feet for the CR designation. The CR designation allows a wider range of retail and commercial uses, while some retail and restaurant uses are allowed in the residential district.

Staff's recommendation is that the BR-R proposal is consistent with the steering committee's vision for new residential neighborhoods. The BR-R designation as modified by the property owner's proposal would allow the reuse of existing buildings with new neighborhood-oriented uses. The property owner's proposal includes a request for no limit on the aggregate amount of retail uses in the reuse of existing buildings.

Responding to Councilmember Davidson, Mr. Inghram said examples of neighborhood services are hair salons, dry cleaners, hardware stores, drug stores, small grocery stores, and restaurants.

Responding to Councilmember Chelminiak, Mr. Inghram said the target for housing is 5,000 units by 2030. This could include a combination of townhomes and flats/traditional apartments. He responded to additional questions of clarification.

Responding to Councilmember Noble, Mr. Inghram said the Legacy property borders BR-R to the north and south. In further response, Mr. Inghram explained that the OR-1 and OR-2 designations refer to office and mixed uses in the transit node, higher density areas.

Councilmember Bonincontri said she likes the idea of expanding flexibility for the R district, which she feels is the appropriate designation for the Legacy property. She wants to be able to preserve current businesses, however, until the City is ready to implement park and stream projects in the area.

Deputy Mayor Balducci expressed support for the proposed zoning designation and modification for the Legacy site, which she feels is consistent with the Council's and community's vision for the area.

Responding to Councilmember Lee, Mr. Terry said that even if taller building heights were allowed, he thinks the more typical development would be one or two stories of residential over ground floor retail using wood frame construction, as this is the most economical form of construction. Mr. Lee noted the need for housing, and stated his interest in allowing greater density and building heights.

Councilmember Chelminiak prefers the original BR-R designation for the Legacy site, but he is open to the modification that has been presented by staff.

→ Councilmember Davidson moved to increase the allowed building height for the BR-R district of the Legacy site to 65 feet, and Councilmember Chelminiak seconded the motion.

Mr. Chelminiak spoke in favor of retaining the 45-foot building height specified for the R designation. Mr. Noble concurred. Ms. Balducci and Ms. Bonincontri said they will not support the motion.

Dr. Davidson explained his rationale that there are very few BR-R areas. They are situated in a lower elevation as well so slightly taller building heights would therefore have a minimal visual impact.

→ The motion to allow a building height of 65 feet for the Legacy site BR-R district failed by a vote of 1-5, with Dr. Davidson voting in the affirmative.

Mr. Inghram reviewed the Public Storage request to change the zoning designation on one of its properties from BR-R to BR-OR, consistent with adjacent Public Storage properties. He noted that Joel Ostroff requested a change from BR-R to BR-GC (general commercial) for the adjacent L&L Poplar/Stanley Real Estate site. Mr. Inghram briefly reviewed the differences between the three designations.

Staff's evaluation is that the BR-R designation for these sites is consistent with the steering committee's vision for new residential neighborhoods near transit. Also, staff's recommended modification to the BR-R designation allows greater flexibility as suggested by the Council.

Staff responded to questions of clarification.

Councilmember Chelminiak spoke in favor of retaining the residential designation for the Public Storage and Ostroff sites. He noted that residential development in this area could be oriented away from Northup Way toward parks and other views in the center of the Bel-Red area.

Councilmember Lee noted adjacent BR-GC uses and opined that it would not be inappropriate to grant the property owners' requests.

Mr. Inghram moved on to describe the BR-CR (commercial residential) designation, which reflects a vision of retaining areas for local commercial services blended with the opportunity for mixed use redevelopment. CR supports a wide range of commercial uses and allows mid-rise

residential development. The Planning Commission increased the FAR from 1.0 to 2.0 to encourage more mid-rise housing development outside of the transit nodes.

Mr. Inghram described the Woosley request to maintain the BR-CR zoning designation for the Brierwood Center site, and to increase FAR limits to 4.0 and building heights to 150 feet. The Woosleys note the proximity to transit and suggest that the area has the potential for a gateway into the Bel-Red corridor. Mr. Inghram described the Woosley site within the context of the larger seven-acre area.

Mr. Inghram explained that the Woosley request would apply nodal densities and building heights to an area outside of the station node, and undo the “wedding cake” transition from the node to surrounding areas. As an option, Mr. Inghram described the BR-OR-1/2 designation and how it differs from the BR-CR designation.

Responding to Councilmember Chelminiak, Mr. Terry explained that the Planning Commission’s recommendation for the Woosley property allows for redevelopment. The proposed 2.0 FAR and 70-foot building height are an increase from current conditions. Mr. Terry noted that the most recent request from the Woosleys came after the Planning Commission’s recommendation.

Councilmember Chelminiak said in general he likes the plan as it now stands. However, the consideration of future transit alignments and station locations will likely warrant additional review of the Brierwood Center site.

Responding to Councilmember Noble, Mr. Inghram said the 2030 forecast for the Bel-Red corridor is approximately 4.5 million square feet of new commercial development, and 5,000 housing units. The Woosley request could result in adding 1.2 million square feet of the total development that would be allowed for the immediate seven acres (which includes the Woosley property as well as others).

Deputy Mayor Balducci concurred with Mr. Chelminiak’s suggestion to move forward with the original proposal from the Planning Commission, and to remain open to reconsidering zoning regulations for the Woosley site as redevelopment of the larger area moves forward.

Councilmember Davidson observed that the site is similar to the Legacy site in terms of the topography, which lessens the visual impact of taller building heights.

Mr. Inghram reviewed the Sherwood Center site request to change to a FAR of 2.5 instead of the proposed BR-CR FAR of 2.0. This site is on 156<sup>th</sup> Avenue NE at Bel-Red Road, and near the Angelo’s site, Uwajimaya, and Redmond’s Overlake Village area.

Staff’s evaluation of the request is that the CR designation encourages a mix of commercial services for both the Bel-Red area and adjacent neighborhoods, while providing the opportunity for mixed use redevelopment. The 2.0 FAR is an increase from current zoning. The site is just outside the ¼-mile radius of planned transit stations, and a 2.5 FAR would therefore be an exception to FAR limits for the CR district.

Responding to Dr. Davidson, Mr. Terry recalled discussions by the Bel-Red Steering Committee and the Planning Commission about how to encourage redevelopment while maintaining the commercial and retail uses that currently serve residents. Discussions about density were primarily aimed at encouraging retail development above the existing commercial uses, but not to change the fundamental commercial character of this CR and GC area. Staff feels comfortable with the Planning Commission's recommendation in terms of how it reflects an appropriate balancing of these objectives.

Councilmember Chelminiak prefers to retain the recommended zoning designation for the Sherwood Center site.

Councilmember Lee said he would like to make additional comments on the Woosley proposal. He recalled the proximity of the site to the proposed Overlake light rail transit station, and the potential for developing the property as a gateway to the Bel-Red corridor. Mr. Lee said the merits of the gateway concept for this location should be discussed.

Referring to the Sherwood Center request, Councilmember Noble noted the communication from Opus Northwest. Mr. Terry said staff plans to talk about height limits in the area later in the discussion, at which time the Uwajimaya and Sherwood Center sites will be addressed.

Ms. Balducci feels the Sherwood Center proposal should be studied further before making changes to the Planning Commission's recommendations.

Responding to Ms. Balducci, Planning Director Dan Stroh said the Sherwood Center, Uwajimaya, and Angelo's sites are all currently in the Crossroads Subarea. The map provided on page SS 2-67 of the Council packet reflects the proposed boundary change to place them in the Bel-Red Subarea.

Moving ahead in the slide show presentation, Mr. Inghram described aspects of the 152<sup>nd</sup> Avenue node area. The steering committee and Planning Commission received public comments from Sherwood Forest residents and Unigard regarding building heights for this area. The steering committee ultimately recommended the heights under the current zoning, which is a combination of 45 and 60 feet. The committee was interested in preserving views and providing an appropriate transition to the Crossroads area to the east. BelGreen Development advocated for a 75-foot height limit on the Angelo's site.

Mr. Inghram recalled Opus Northwest's communication regarding the future Walgreens site (Uwajimaya site) and their concerns about the lower 45-foot height limit along 156<sup>th</sup> Avenue.

Mr. Inghram described characteristics of the larger area, including views and varying building heights. He noted that building heights in Redmond's Overlake area could be as high as 90 feet.

Responding to Ms. Balducci, Mr. Inghram said BelGreen Development has suggested that height limits should be 75 feet, instead of 70 feet, for the Angelo's site.

Responding to Mr. Noble, Mr. Terry acknowledged that the City received feedback from Opus Northwest that a step-back design (to preserve views) increases construction costs to the extent that residential development is not feasible. Mr. Terry said he disagrees, however, and he noted developments in the downtown with the same step-back requirements.

Councilmember Chelminiak would like to retain the step-back design requirement.

Deputy Mayor Balducci suggested that staff review possible alternative ways to address the issue of retaining views while encouraging viable redevelopment.

Mr. Stroh described the proposal to develop NE 15th/16th Street as a transportation corridor and as the major character-defining project for the Bel-Red area. In previous discussions, Councilmembers have expressed concern about the overall width of the corridor. The project is still in the early design phase, and staff will provide updates as the design evolves.

Mr. Stroh reviewed the proposed project description to be incorporated into the Comprehensive Plan, which focuses on the importance of the NE 15<sup>th</sup>/16<sup>th</sup> Street corridor for both the functioning and character of the project. The description indicates that the design and implementation of the project should be sensitive to width, human scale, and pedestrian-friendly design.

Councilmember Chelminiak suggested language in the project description that discourages the use of elevated structures (e.g., light rail) except where needed based on the topography.

Deputy Mayor Balducci reiterated her concern that the transportation corridor is too wide, and that it will not be as inviting and pedestrian-friendly as intended. Referring to the proposed Comprehensive Plan project description, Ms. Balducci suggested deleting the reference to the corridor as a major east-west arterial. Referring to the overall Bel-Red Subarea Plan of the Comprehensive Plan, Ms. Balducci would like to strengthen the emphasis on creating a pedestrian-friendly environment.

Councilmember Bonincontri said she thinks of NE 15<sup>th</sup>/16<sup>th</sup> Street more as a transit corridor than a major arterial. She sees Bel-Red Road and Northup Way as the major arterials serving the larger community.

Councilmember Chelminiak cautioned against removing travel lanes from the core of the Bel-Red corridor. Mr. Terry confirmed that analysis indicates that providing less than two lanes in each direction significantly shifts traffic to Bel-Red Road and Northup Way, which degrades the performance of those roadways.

Ms. Balducci clarified that her suggestion to remove the reference to major arterial is based on her interest that NE 15<sup>th</sup>/16<sup>th</sup> Street not be a primarily car-based arterial.

At 7:59 p.m., Deputy Mayor Balducci declared recess to the Regular Session.

The Study Session reconvened at 9:11 p.m.

## (2) Potential Regional Transfer of Development Rights Program

Planning Director Dan Stroh said the regional transfer of development rights was a recurring subject of discussion by the Bel-Red Steering Committee. The concept is that rural landowners would receive private compensation from developers, who could use the development rights to build compactly in urban receiving areas, in this case the Bel-Red Subarea. This preserves rural areas and directs growth to urban areas. The steering committee was positive in general about the concept, but felt further evaluation was needed to determine the effect on the zoning incentive system.

Mr. Stroh explained that King County operates one of the largest TDR programs in the country and has submitted a proposal for the Bel-Red area. King County recognized that if developers receive Bel-Red zoning incentives by purchasing regional development rights, then less developer funding will be available for investment within the Bel-Red corridor. Therefore, King County proposes providing \$750,000 toward infrastructure funding to compensate for money the City would otherwise receive through non-TDR developer incentives.

The City would allow the purchase of up to 75 TDR units that could be applied to the Bel-Red area, which would be designated as a Tier 1 zoning incentive under Bellevue's system. The City and County would work together to identify rural lands that could potentially serve a compelling public interest. The City would make the final decision as to specific TDR locations. These could include farmland related to Bellevue's Farmers Market or lands providing views that are important to Bellevue residents.

The City's consultant, Property Counselors, studied the County's TDR proposal. Their report estimates that the average value of a regional TDR would be \$20,000, which would be spent by a developer to purchase the rights. As a result, that \$20,000 would not be available to the City's zoning incentive system for infrastructure elements such as parks and stream corridor improvements.

Mr. Stroh explained that designating the TDR units as Tier 1 bonuses increases the likelihood that they will be used. County payments would offset half of the loss of incentive zoning payments if restricted to 75 TDR units. Benefits to Bellevue include: 1) Receiving the initial payment of \$750,000 from the County, which could be used to purchase open space in the Bel-Red corridor; 2) Protecting rural lands that are important to Bellevue; 3) Broadening Bellevue's role in regional growth management; and 4) Offsetting transportation-related green house gas emissions by preserving open space.

Responding to Councilmember Bonincontri, Mr. Stroh said TDR units are based on the underlying zoning in the rural area from which the development rights originate.

Darren Greve, Director of King County's TDR Program, explained that for forest zoning (one unit per 80 acres), one TDR unit would protect 80 acres. Much of the county's rural zoning is one unit per five acres, so one TDR would preserve five acres. The estimated 75 development rights would at minimum preserve approximately 400 acres of rural land (based on five-acre zoning), and could preserve up to 6,000 acres if based on 80-acre zoning.

Responding to Councilmember Davidson, Mr. Stroh confirmed that the City has a TDR program as well. Staff is looking into transferring some development rights, for example from stream corridors to other sites within the Bel-Red area. In further response, Mr. Stroh said Tier 1 incentives for residential projects are affordable housing, parks/open space, and stream corridor restoration/preservation. For commercial projects, Tier 1 incentives are parks, open space, and stream corridors.

Dr. Davidson said he is hesitant to see money spent to preserve open space outside of the community, when there are so many needs within the city's boundaries including the Bel-Red corridor. Mr. Stroh said it will be up to the City Council to determine whether the county's TDR program can provide a desirable benefit for Bellevue residents.

Mr. Sarkozy acknowledged that this is a difficult dilemma in terms of balancing capital needs within the community with the benefits to Bellevue of preserving natural areas outside of its boundaries. The concept is that the latter contributes to the quality of life for residents living within Bellevue as well.

Councilmember Chelminiak said he enjoys spending time in the Cascade Mountains. He feels strongly that preserving rural and forested areas provides environmental/ecological, social, and economic benefits to the region as a whole. He supports the City moving forward into a partnership with King County's TDR program.

Councilmember Noble said he agrees with much of what Mr. Chelminiak says. However, he questions whether the regional benefits should supersede the need for infrastructure and amenities (e.g., parks/open space, affordable housing) that could be provided within the Bel-Red area. Mr. Noble supports the concept but is not convinced this is the right approach for Bellevue in its redevelopment of the Bel-Red corridor.

Councilmember Lee supports the countywide TDR program, but he feels it is important for the City to address the needs within its own community first.

Mr. Stroh commented that when the proposal was initially discussed with King County and the Cascade Land Conservancy, staff members had questions similar to those being raised by the City Council. However, the proposal became more feasible with its limit on the maximum TDR units to be allowed and the advance payment offered by King County. Mr. Stroh feels that redevelopment of the Bel-Red corridor is important within the broader context of responsible regional growth management.

Responding to Mr. Lee, Mr. Greve said King County's TDR proposal and payment is available through 2009.

Councilmember Davidson observed that private property within the city is subject to sensitive/critical areas regulations. He questioned whether it makes sense to preserve natural areas outside of the city, and whether the regional transfer of development rights could help offset the impact of sensitive areas regulations on private property within the city. Dr. Davidson

feels the City should address infrastructure needs within its boundaries before considering the regional transfer of development rights.

Councilmember Bonincontri said it would be helpful to have a full accounting of the capacity of Tier 1 and Tier 2 incentives available in the Bel-Red area, as well as a calculation of the percentage of total incentives represented by the 75 TDR units.

Noting that participation in the regional TDR program will reduce the amount of payments from other bonuses and incentives in the Bel-Red area, Councilmember Noble questioned how the City will make up for the loss in revenue. Mr. Stroh explained that a portion of the reduced revenue is offset because the City would gain more buying power with the \$750,000 payment from King County in 2009 than it would from future payments, which could be years from now. However, the regional TDR program will not match the revenue that could be generated by the City's own incentives.

Deputy Mayor Balducci commented that the natural beauty of the larger region contributes to the overall appeal of living and working in Bellevue and surrounding communities. She noted that the steering committee expressed an interest in the regional TDR program, which provides greater flexibility for property owners and developers as well. Ms. Balducci observed that the regional TDR program provides a known revenue source, while future development and associated incentive payments in the Bel-Red area are unknown. She is in favor of exploring the proposal further with King County.

Mr. Sarkozy acknowledged that the TDR proposal is a complicated issue. Staff will bring back additional information as requested by the Council.

→ At 9:59 p.m., Councilmember Chelminiak moved to extend the meeting to 10:15 p.m. Ms. Bonincontri seconded the motion.

→ The motion to extend the meeting carried by a vote of 6-0.

### (3) Primer on Local Improvement District (LID) Formation

Transportation Director Goran Sparrman explained that the City has not utilized the local improvement district (LID) funding mechanism in approximately 15 years. Staff has been researching the process for implementing a LID within the Bel-Red area.

Jen Benn, Transportation Program Manager, explained that LID assessments are one of the proposed financing mechanisms for the Mobility and Infrastructure Plan. She explained that the boundaries of the two proposed LIDs have been modified slightly. Staff recommends creating the NE 4<sup>th</sup> Street/120<sup>th</sup> Avenue NE LID in 2009, and the Bel-Red West Node LID in 2011.

Ms. Benn reviewed the phases of creating a LID which include a full feasibility study, public involvement activities, preliminary engineering, formation study/analysis, construction, and final assessment. In order to be included in a LID, a property must receive a direct benefit from the

capital improvements funded by the LID assessment. Within the district, all assessments are proportional to the special benefit.

If the decision is made to create a LID, the Council will take action on a Resolution of Intent to form a LID, and a public hearing will be scheduled. A LID is ultimately formed through Council adoption of an ordinance. Following adoption of the ordinance, there is a 30-day protest period. If property owners representing 60 percent or more of the assessed valuation protest the LID, the Council will stop the LID process. With the current schedule, the protest period related to forming the first LID will occur in December 2009.

Continuing, Ms. Benn said once a LID is formed, the project is completed before assessments are calculated. This is followed by Council action on a final assessment resolution, a public hearing, and an ordinance to confirm the final assessments. There is a 10-day appeal period following adoption of the ordinance.

Responding to Deputy Mayor Balducci, Ms. Benn said the City's consultant reviewed the combined burden of transportation impact fees, LID assessments, and incentive zoning payments. The findings are briefly summarized in the Council packet.

- (4) 2008 Comprehensive Plan Amendments relating to Pedestrian/Bicycle Plan update

[Item postponed.]

At 10:12 p.m., Deputy Mayor Balducci declared the meeting adjourned.

Myrna L. Basich  
City Clerk

/kaw